



OFFICE OF MANAGEMENT AND BUDGET

North American Industry Classification System (NAICS) -- Updates for 2017

AGENCY: Executive Office of the President, Office of Management and Budget.

ACTION: Notice of Solicitation of Comments on the Economic Classification Policy Committee's Recommendations for the 2017 Revision of the North American Industry Classification System.

SUMMARY: Under the authority of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 1104(d)) and the Paperwork Reduction Act of 1995 (44 U.S.C. 3504(e)), the Office of Management and Budget (OMB) seeks public comment on the advisability of adopting the proposed North American Industry Classification System (NAICS) updates for 2017 recommended by its Economic Classification Policy Committee (ECPC), comprised of representatives of the Bureau of Economic Analysis, Bureau of Labor Statistics, and Census Bureau. The ECPC recommends an update of the industry classification system to clarify existing industry definitions and content, recognize new and emerging industries, and correct errors and omissions.

This notice: (1) summarizes the background for the proposed revisions to NAICS 2012 in Part I, (2) contains a summary of public comments in Part II, (3) includes a list of title changes for NAICS industries that clarify, but do not change, the existing content of the industries in Part III, and (4) provides a comprehensive listing of proposed changes for national industries and their links to NAICS 2012 industries in Part IV.

OMB published a notification of intention to revise portions of NAICS in a May 22, 2014, **Federal Register** notice (79 FR 29626-29629). That notice solicited comments on the advisability of revising the NAICS 2012 structure for 2017: 1) to identify new and emerging industries, 2) to solicit comments on the desirability of maintaining a print manual, 3) to review the structure of the oil and gas extraction industries, 4) to solicit additional comments on the treatment of manufacturing units that outsource transformation, and 5) to make any required changes for errors and omissions in NAICS 2012. The deadline for submitting comments was July 21, 2014.

After considering all proposals from the public, consulting with U.S. data users and industry groups, and undertaking extensive discussions with Statistics Canada and Mexico's *Instituto Nacional de Estadística y Geografía* (INEGI), the ECPC—in collaboration with INEGI and Statistics Canada—developed recommendations for revisions to NAICS for 2017 that would apply to all three North American countries. These revisions focus on improving the description of current industries, identifying new and emerging industries, and recommending changes to industry content based on research and implementation experience.

The ECPC recommends that NAICS United States 2017 incorporate changes as shown in Parts III and IV of this notice.

Following an extensive process of development and discussions by the ECPC, with

maximum possible public input, OMB seeks comment on the advisability of revising NAICS to incorporate the changes published in this notice. The revised NAICS would be employed in relevant data collections by all U.S. statistical agencies beginning with reference year 2017. Statistics Canada and INEGI are recommending acceptance of the proposed NAICS revisions for industry classification in the statistical programs of their national systems and are seeking comments in their respective countries. Representatives of the three countries will hold further discussions to consider public comments that they receive.

DATES: To ensure consideration of comments on the adoption and implementation of the NAICS revisions detailed in this notice, please submit all comments in writing as soon as possible, but no later than **[INSERT DATE 60 DAYS FROM THE DATE OF PUBLICATION]**. Please be aware of delays in mail processing at Federal facilities due to heightened security. Respondents are also encouraged to send both a hard copy and a second copy via FAX or email (discussed in “Addresses” below). This proposed revision to NAICS would become effective in the U.S. for publication of establishment data that refer to periods beginning on or after January 1, 2017.

ADDRESSES: Please send correspondence about the adoption and implementation of proposed NAICS revisions as shown in this **Federal Register** notice to: Katherine K. Wallman, Chief Statistician, Office of Management and Budget, 10201 New Executive Office Building, Washington, DC 20503, telephone number: (202) 395-3093, fax number: (202) 395-7245. Please send email comments to *naics@omb.eop.gov* with

subject NAICS17. Comments may also be sent via <http://www.regulations.gov> – a Federal E-Government website that allows the public to find, review, and submit comments on documents that agencies have published in the **Federal Register** and that are open for comment. Simply type “(NAICS) -- Updates for 2017” (in quotes) in the “Rules, Comments, Adjudications or Supporting Documents” search box, click “Search, click Comment Now!”, and follow the instructions for submitting comments.

All comments regarding this notice received via the website, email, fax, hardcopy, or other means, are part of the public record as submitted. For this reason, do not include in your comments information of a confidential nature, such as sensitive personal information or proprietary information. If you send an email comment, your email address will be automatically saved and included as part of the comment that is placed in the public docket. Please note that responses to this public comment request containing any routine notice about the confidentiality of the communication will be treated as public comments that may be made available to the public notwithstanding the inclusion of the routine notice.

Please include contact information and a phone number or email address with your comments to facilitate follow-up if necessary.

Please address inquiries about the content of industries or requests for electronic copies of the tables to: John Murphy, Chair, Economic Classification Policy Committee, Bureau of the Census, Room 8K157, Washington, DC 20233, telephone number: (301) 763-

5172, email: *John.Burns.Murphy@census.gov*.

Electronic Availability and Comments: This document is available on the Internet from the Census Bureau Internet site, *<http://www.census.gov/naics>*. This site also contains previous NAICS United States **Federal Register** notices and related documents.

FOR FURTHER INFORMATION CONTACT: Paul Bugg, 10201 New Executive Office Building., Washington, DC 20503, email address: *pbugg@omb.eop.gov*, telephone number: (202) 395-3095, fax number: (202) 395-7245.

SUPPLEMENTARY INFORMATION:

Part I: Background of NAICS

NAICS is a system for classifying establishments (individual business locations) by type of economic activity. Its purposes are: (1) to facilitate the collection, tabulation, presentation, and analysis of data relating to establishments, and (2) to promote uniformity and comparability in the presentation and analysis of statistical data describing the North American economy. NAICS is used by Federal statistical agencies that collect or publish data by industry. It is also widely used by State agencies, trade associations, private businesses, and other organizations.

Mexico's *Instituto Nacional de Estadística y Geografía*, Statistics Canada, and the United

States Office of Management and Budget, through its Economic Classification Policy Committee, collaborated on NAICS to make the industry statistics produced by the three countries comparable. NAICS is the first industry classification system developed in accordance with a single principle of aggregation—the principle that producing units that use similar production processes should be grouped together in the classification.

NAICS also reflects, in a much more explicit way, the enormous changes in technology and in the growth and diversification of services that have marked recent decades.

Industry statistics presented using NAICS are also comparable, to a limited extent, with statistics compiled according to the latest revision of the United Nations' International Standard Industrial Classification of All Economic Activities (ISIC, Revision 4).

For the three countries, NAICS provides a consistent framework for the collection, tabulation, presentation, and analysis of industry statistics used by government policy analysts, academics and researchers, the business community, and the public. However, because of different national economic and institutional structures as well as limited resources and time for constructing NAICS, its structure is not entirely comparable at the individual industry level across all three countries. For some sectors and subsectors, the statistical agencies of the three countries agreed to harmonize NAICS based on sectoral boundaries rather than on a detailed industry structure. NAICS comparability is limited to the sector level for wholesale trade, retail trade, and public administration.

The four principles of NAICS are:

(1) NAICS is erected on a production-oriented conceptual framework. This means that producing units that use the same or similar production processes are grouped together in NAICS.

(2) NAICS gives special attention to developing production-oriented classifications for (a) new and emerging industries, (b) service industries in general, and (c) industries engaged in the production of advanced technologies.

(3) The system aims to maintain time series continuity to the extent possible.

(4) The system strives for compatibility with the two-digit level of the United Nations' International Standard Industrial Classification of All Economic Activities (ISIC, Revision 4).

The ECPC is committed to maintaining the principles of NAICS during revisions. The May 22, 2014, solicitation for public comment on questions related to a potential revision of NAICS in 2017 was directly tied to the application of these four NAICS principles.

NAICS uses a hierarchical structure to classify establishments from the broadest level to the most detailed level using the following format of up to six digits:

Sector	2-digit	Sectors represent the highest level of aggregation. There are 20 sectors in
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NAICS representing broad levels of aggregation.

Subsector	3-digit	Subsectors represent the next, more detailed level of aggregation in NAICS. There are 99 subsectors in NAICS United States 2012.
Industry Group	4-digit	Industry groups are more detailed than subsectors. There are 312 industry groups in NAICS United States 2012.
NAICS Industry	5-digit	NAICS industries are the level that, in most cases, represents the lowest level of three country comparability. There are 713 five-digit industries in NAICS United States 2012.
National Industry	6-digit	National industries are the most detailed level of NAICS. These industries represent the national level detail for NAICS United States. There are 1,065 six-digit U.S. industries in NAICS

Part II: Summary of Public Comments Regarding Priorities for Changes to NAICS in 2017

In response to the May 22, 2014, **Federal Register** notice, the ECPC received approximately 22,000 individual comments addressing Part V of the notice – “Update on the Treatment of Manufacturing Units that Outsource Transformation.” The disposition of these comments is addressed in OMB’s August 8, 2014, **Federal Register** notice (79 FR 46558 – 46559), *Implementation of the Factoryless Goods Producer Classification in NAICS 2017*. In short, the notice announced that the Factoryless Goods Producer classification would not be implemented in 2017. OMB took this action to provide the relevant statistical agencies with the opportunity to complete the additional research, testing, and evaluation needed to determine the feasibility of developing methods for the consistent identification and classification of Factoryless Goods Producers that are accurate and reliable.

For the remaining 113 comments, each submission was assigned a unique docket number. These 113 comments addressed the questions included in Parts II – V of the May 22, 2014, notice and/or included comments proposing other changes to the structure of NAICS 2012.

The ECPC applied the following general guidance when considering changes to NAICS in 2017:

- (1) Because of the cost of change and the disruption of statistical data series that have already resulted from the ongoing implementation of NAICS, the ECPC will limit the scope of NAICS changes for 2017 to those that significantly improve the relevance and efficiency of the classification system;
- (2) The ECPC will recommend new and emerging industries identified through the comment process that are supported by the guiding principles of NAICS;
- (3) The ECPC will undertake additional research and evaluation before making its recommendation on the classification of manufacturing units that outsource transformation, as announced by OMB in a **Federal Register** notice on August 8, 2014 (79 FR 46558-46559); and
- (4) The ECPC will make changes to account for errors and omissions as well as recommend narrative improvements to clarify the content of existing industries.

The ECPC also considered the views of its member agencies (Bureau of Economic Analysis, Bureau of Labor Statistics, and Census Bureau) when evaluating specific proposals for changes to NAICS in 2017. The ECPC reviewed each individual proposal within the existing framework of the principles of NAICS. Additional considerations that resulted in recommendations for or against change included issues of relevance, size, and time series continuity.

Comments received often addressed more than one issue. Of the 113 uniquely numbered comments received in response to the **Federal Register** notice, 53 supported comprehensive changes to create new industries and regroup a variety of existing industries that make up the “outdoor trade industry,” five requested new nanotechnology-related industries, five supported creating a NAICS industry for biogas production, four

requested new industries and changes to existing industries for modeling and simulation, four addressed updating the structure of the oil and gas industries, three requested a new industry for acupuncture practices, two requested a new industry for building envelope consulting services, and single comments requested other new industries such as welding services, fire extinguisher installation and maintenance, pipeline inspection by type of utility (sanitary, electric, gas, etc.), freestanding urgent care centers and clinics, telehealth services, and offices of nurse practitioners. The balance of the comments requested revisions or clarifications of content of existing NAICS industries, such as industrial sand mining, sign manufacturing, and all other outpatient care centers. Finally, three comments supported continuing printed publication of NAICS 2017.

Each suggestion was carefully considered. Some suggestions were recommended for adoption but modified by the ECPC to better meet the objectives of NAICS. Based on public comments, the ECPC is recommending industry definition changes to explicitly classify certain activities and more clearly match accepted industry terminology.

Some suggestions were recommended to be incorporated as products rather than industries. Other suggestions for change were not best suited on the production-oriented basis of NAICS, or could not be implemented in statistical programs, for various reasons, and thus were not accepted. When a proposal was not accepted, it was usually because: (a) the resulting industry would have been too small in the U.S. or (b) the proposal did not meet the production-oriented criterion for forming an industry in NAICS. Detailed supporting documentation discussing the issues and rationale for reaching these recommendations is available at www.census.gov/naics.

Part III: ECPC Recommendations for Title Changes

The ECPC is recommending NAICS industry title changes to more clearly describe the existing content of industries. These title changes do not change the content of these industries, but rather refine how they are described.

NAICS Industry Group 7213, Rooming and Boarding Houses, would be changed to “*Rooming and Boarding Houses, Dormitories, and Workers’ Camps.*”

NAICS 72131, Rooming and Boarding Houses, would be changed to “*Rooming and Boarding Houses, Dormitories, and Workers’ Camps.*”

NAICS 721310, Rooming and Boarding Houses, would be changed to “*Rooming and Boarding Houses, Dormitories, and Workers’ Camps.*”

Part IV: ECPC Recommendations for 2017 Changes to 2012 NAICS United States

Part IV presents the ECPC recommendations for content revisions to NAICS United States for 2017. Table 1 lists, in NAICS United States 2012 order, the disposition of all industries that the ECPC recommends for change and their resulting relationship to NAICS United States 2017 proposed industries. Table 2 presents the ECPC recommended NAICS 2017 industries in proposed NAICS United States 2017 order, cross-walked to their NAICS United States 2012 content.

Table 1 -- 2012 NAICS United States Matched to ECPC Recommendations for 2017 NAICS United States

2012 NAICS Code	2012 NAICS Description	Status Code	2017 NAICS Code	2017 NAICS Description
211111	Crude Petroleum and Natural Gas Extraction <i>crude petroleum extraction</i> <i>natural gas extraction</i>	pt.	211120 211130	Crude Petroleum Extraction Natural Gas Extraction
211112	Natural Gas Liquid Extraction	pt.	211130	Natural Gas Extraction
212231	Lead Ore and Zinc Ore Mining	pt.	212230	Copper, Nickel, Lead, and Zinc Mining
212234	Copper Ore and Nickel Ore Mining	pt.	212230	Copper, Nickel, Lead, and Zinc Mining
333911	Pump and Pumping Equipment Manufacturing	pt.	333914	Measuring, Dispensing, and Other Pumping Equipment Manufacturing
333913	Measuring and Dispensing Pump Manufacturing	pt.	333914	Measuring, Dispensing, and Other Pumping Equipment Manufacturing
335221	Household Cooking Appliance Manufacturing	pt.	335220	Major Household Appliance Manufacturing
335222	Household Refrigerator and Home Freezer Manufacturing	pt.	335220	Major Household Appliance Manufacturing
335224	Household Laundry Equipment Manufacturing	pt.	335220	Major Household Appliance Manufacturing
335228	Other Major Household Appliance Manufacturing	pt.	335220	Major Household Appliance Manufacturing

452111	Department Stores (except Discount Department Stores)	pt.	452210	Department Stores
452112	Discount Department Stores <i>insignificant perishable grocery sales</i> <i>significant perishable grocery sales</i>	pt. pt.	452210 452311	Department Stores Warehouse Clubs and Supercenters
452910	Warehouse Clubs and Supercenters	pt.	452311	Warehouse Clubs and Supercenters
452990	All Other General Merchandise Stores		452319	All Other General Merchandise Stores
454111	Electronic Shopping	pt.	454110	Electronic Shopping and Mail-Order Houses
454112	Electronic Auctions	pt.	454110	Electronic Shopping and Mail-Order Houses
454113	Mail-Order Houses	pt.	454110	Electronic Shopping and Mail-Order Houses
512210	Record Production	pt.	512250	Record Production and Distribution
512220	Integrated Record Production/Distribution	pt.	512250	Record Production and Distribution
517110	Wired Telecommunications Carriers		517311	Wired Telecommunications Carriers
517210	Wireless Telecommunications Carriers (except Satellite)		517312	Wireless Telecommunications Carriers (except Satellite)
532220	Formal Wear and Costume Rental		532281	Formal Wear and Costume Rental
532230	Video Tape and Disc Rental		532282	Video Tape and Disc Rental

532291	Home Health Equipment Rental		532283	Home Health Equipment Rental
532292	Recreational Goods Rental		532284	Recreational Goods Rental
532299	All Other Consumer Goods Rental		532289	All Other Consumer Goods Rental
541711	Research and Development in Biotechnology <i>nanobiotechnologies research and experimental development laboratories except nanobiotechnologies research and experimental development laboratories</i>	pt.	541713	Research and Development in Nanotechnology
			541714	Research and Development in Biotechnology (except Nanobiotechnology)
541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology) <i>nanotechnology research and experimental development laboratories except nanotechnology research and experimental development laboratories</i>	pt.	541713	Research and Development in Nanotechnology
			541715	Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)

pt.--Part of 2017 NAICS United States industry.

Table 2 -- ECPC Recommendations for 2017 NAICS United States Matched to 2012 NAICS United States

2017 NAICS Code	2017 NAICS Description	Status Code	2012 NAICS Code	2012 NAICS Description
21112	Crude Petroleum Extraction			
211120	Crude Petroleum Extraction	N	*211111	Crude Petroleum and Natural Gas Extraction - <i>crude petroleum extraction</i>
21113	Natural Gas Extraction			
211130	Natural Gas Extraction	N	*211111	Crude Petroleum and Natural Gas Extraction - <i>natural gas extraction</i>
			211112	Natural Gas Liquid Extraction
212230	Copper, Nickel, Lead, and Zinc Mining	N	212231	Lead Ore and Zinc Ore Mining
			212234	Copper Ore and Nickel Ore Mining
333914	Measuring, Dispensing, and Other Pumping Equipment Manufacturing	N	333911	Pump and Pumping Equipment Manufacturing
			333913	Measuring and Dispensing Pump Manufacturing
335220	Major Household Appliance Manufacturing	N	335221	Household Cooking Appliance Manufacturing
			335222	Household Refrigerator and Home Freezer Manufacturing
			335224	Household Laundry Equipment Manufacturing
			335228	Other Major Household Appliance Manufacturing
4522	Department Stores			

45221	Department Stores			
452210	Department Stores	N	452111	Department Stores (except Discount Department Stores)
			*452112	Discount Department Stores - <i>insignificant perishable grocery sales</i>
4523	General Merchandise Stores, Including Warehouse Clubs and Supercenters			
45231	General Merchandise Stores, Including Warehouse Clubs and Supercenters			
452311	Warehouse Clubs and Supercenters	N	452910	Warehouse Clubs and Supercenters
			*452112	Discount Department Stores - <i>significant perishable grocery sales</i>
452319	All Other General Merchandise Stores	N	452990	All Other General Merchandise Stores
454110	Electronic Shopping and Mail-Order Houses	N	454111	Electronic Shopping
			454112	Electronic Auctions
			454113	Mail-Order Houses
51225	Record Production and Distribution			
512250	Record Production and Distribution	N	512210	Record Production
			512220	Integrated Record Production/Distribution
51731	Wired and Wireless Telecommunications Carriers			

517311	Wired Telecommunications Carriers	N	517110	Wired Telecommunications Carriers
517312	Wireless Telecommunications Carriers (except Satellite)	N	517210	Wireless Telecommunications Carriers (except Satellite)
53228	Other Consumer Goods Rental			
532281	Formal Wear and Costume Rental	N	532220	Formal Wear and Costume Rental
532282	Video Tape and Disc Rental	N	532230	Video Tape and Disc Rental
532283	Home Health Equipment Rental	N	532291	Home Health Equipment Rental
532284	Recreational Goods Rental	N	532292	Recreational Goods Rental
532289	All Other Consumer Goods Rental	N	532299	All Other Consumer Goods Rental
541713	Research and Development in Nanotechnology	N	*541711	Research and Development in Biotechnology - <i>nanobiotechnologies research and experimental development laboratories</i>
			*541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology) - <i>nanotechnology research and experimental development laboratories</i>
541714	Research and Development in Biotechnology (except Nanobiotechnology)	N	*541711	Research and Development in Biotechnology - <i>except nanobiotechnologies research and experimental development laboratories</i>

541715	Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)	N	*541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology) - <i>except nanotechnology research and experimental development laboratories</i>
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N--new NAICS industry/code for 2017; *--Part of 2012 NAICS United States industry

Howard A. Shelanski,

Administrator, Office of Information and Regulatory Affairs.

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